

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6100

BILL NUMBER: SB 92

DATE PREPARED: Nov 21, 2000

BILL AMENDED:

SUBJECT: Scholarships for Academic Honors.

FISCAL ANALYST: Chuck Mayfield

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: This bill establishes the Indiana Honors Diploma Higher Education Award as a scholarship program for persons domiciled in Indiana who: (1) graduate from a public or private high school with an Indiana honors diploma; and (2) attend a public or private nonprofit institution of higher learning in Indiana on a full-time or part-time basis. It provides eligible students with a scholarship award in an amount (subject to the availability of appropriations) equal to 50% of the educational costs at public universities in Indiana, less an adjustment for money awarded to the student under other state higher education award programs. The bill also provides for administration of the program by the State Student Assistance Commission. It appropriates from the State General Fund a sufficient amount to provide honors diploma higher education awards.

Effective Date: July 1, 2001.

Explanation of State Expenditures: *This bill makes an appropriation sufficient to provide Honors Diploma Higher Education Awards for the 2001-2003 biennium. It is projected that this program would need \$15.6 M for FY 2002 and \$32.5 M for FY 2003.*

The State Student Assistance Commission (SSACI) estimates that 85% of the 13,168 academic honors students who are projected to graduate in 2001 will attend a college or university in Indiana. Consequently, 11,193 college students could qualify for this scholarship in the first year. Of those attending college in Indiana, SSACI estimates that 45% will attend a state university while 55% will choose a private university.

Because the level of the Academic Honors Award is determined by subtracting awards that students receive from other SSACI programs, these students are divided into three groups for analysis purposes: (a) students not eligible for the Academic Honors Award because the money that they receive from SSACI either equals or exceeds the Academic Honors Award; (b) students eligible for a partial award because they qualify for some financial assistance from SSACI that is less than Academic Honors Award; and (c) students eligible

for the full award because they receive no assistance from SSACI. Other SSACI programs include the Higher Education Program, the Freedom of Choice Program, the Hoosier Scholar Award Program, and the Minority or Special Education Teacher Scholarship or a Nursing Scholarship.

Of those attending a state university, SSACI estimates that 60% will qualify for the Full Academic Honors Award, 32% will receive a partial award and 8% will receive no award. Using \$1,931 as the full award for FY 2002, the cost of this award for students attending state universities is \$7.4 M.

For students attending a private institution, SSACI estimates that 60% will qualify for the Full Academic Honors Award, 10% will receive a partial award and 30% will receive no award. Using \$2,055 as the full award for FY 2002, the cost of this award for students attending state universities is \$8.2 M.

In addition, the State Student Assistance Commission estimates that it will need an additional \$100,000 for computer programming in the first year to administer the program.

The program would take four years to reach maturity where there will be four cohorts of students receiving awards. The following table illustrates the potential funding requirements between FY 2002 and FY 2005. In future years, the ongoing costs of the program will depend on tuition increases and any additional increase in students who earn an academic honors diploma and enroll in institutions of higher education in the state. Again, appropriations are subject to availability from the General Fund.

Cost of Awards	FY 2002	FY 2003	FY 2004	FY 2005
for state university students	\$7.4 M	\$15.3 M	\$23.9 M	\$33.1 M
for independent college students	<u>\$8.2 M</u>	<u>\$17.2 M</u>	<u>\$26.8 M</u>	<u>\$36.4 M</u>
	\$15.6 M	\$32.5 M	\$50.7 M	\$69.5 M
Administrative Costs				
one time programming costs	\$100,000			
publicity and other administrative functions (increased 3.5% annually)	<u>\$ 35,000</u>	<u>\$36,225</u>	<u>\$37,493</u>	<u>\$38,805</u>
	\$15,735,000	\$32,536,255	\$50,737,493	\$69,538,805

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Student Assistance Commission; State Auditor; Institutions of Higher Education.

Local Agencies Affected:

Information Sources: Nick Vesper, State Student Assistance Commission, 317-233-5094